

**EXHIBIT G**

**Notice of Assessment**

Department of the Treasury  
Internal Revenue Service  
Collector

1973 N. Rulon White Blvd.  
Ogden, UT 84201

MFT	Tax Period	Assessment Date	Trans Code
02	199812	12/11/2009	670 570

Taxpayer

IDRS: 0463205534

Date of  
This Notice: 12/11/2009If you find it necessary  
to inquire about your  
account, please refer  
to its number ► 65-0773649

Form Number: 1120

Plan/Report Number:

Tax Period Ended 12/31/1998

W R GRACE & CO  
5400 BROKEN SOUND BLVD NW  
BOCA RATON FL 33487-3521

## Notice of Tax Due on Federal Tax Return

This is a notice of tax due on your tax return identified above. Please pay the amount shown as Balance Due when you receive this notice. Make your check payable to the United States Treasury and send it with a copy of this notice to the address shown above. If the balance due as shown below is incorrect because you made a recent payment, please send us the amount you believe you owe and an explanation of the difference.

The balance due may include Penalty and Interest. If you have any questions concerning the balance due or penalty and interest computation call us at 800-829-0115 (Business filers) or 800-829-8374 (Individual filers).

Reference		Assessment	Adjustment or Credit	Balance Due
12/11/2009 ADD'L TAX	300	5,852,658.00		
12/11/2009 INTEREST	190	5,504,028.82		

11,356,686.82

Form 4549-A (Rev. 3-2005)	Department of the Treasury - Internal Revenue Service Income Tax Examination Changes	Page _____ of _____
Name and Address of Taxpayer  WR Grace & Co & Subsidiaries  5400 Broken Sound Blvd. NW Suite # 300 Boca Raton, FL 33487		Taxpayer Identification Number 65-0773649
		Person with whom examination changes were discussed Elyse Filon VP Finance
1. Adjustments to Income		Year: 12/1998 Year: Year:
a. Per RAR - Form 4549-B's		26,960,177
2. Total Adjustments		26,960,177
3. Taxable Income Per Return or as Previously Adjusted		216,277,213
4. Corrected Taxable Income		243,237,390
Tax Method Filing Status		
5. Tax		85,133,087
6. Additional Taxes/Alternative Minimum		N/A
7. Corrected Tax Liability		85,133,087
8. Less Credits: a. Foreign Tax Credit b. Other Subpart B Credits c. General Business Credit d. Minimum Tax Credit/Bond Credits		84,428,408 0 0 0
9. Balance (Line 7 less total of 8a-8d)		704,679
10. Plus Other Taxes: a. Credit Recapture & Other Taxes b. Alternative Minimum Tax (Before 2000) c. Environmental Tax d. Other Taxes		0 17,657,120 N/A N/A
11. Total Corrected Income Tax Liability (Line 9 plus Lines 10a-10d)		18,361,799
12. Total Tax Shown on Return or as Previously Adjusted		12,509,141
13. Adjustments to: a. b. c. d.		0 0 0 0
14. Deficiency - Increase in Tax or (Overassessment - Decrease in Tax) (Line 11 less Lines 12 & 13a-13d)		5,852,658
15. Adjustment to Prepayment Credits - incr (decr)		0
16. Balance Due or (Overpayment) (Line 14 less Line 15) (Excluding interest and penalties)		5,852,658

Form 4549-A (Rev. 3-2005)	Department of the Treasury - Internal Revenue Service Income Tax Examination Changes	Page _____ of _____
Name of Taxpayer WR Grace & Co & Subsidiaries	Taxpayer Identification Number 65-0773649	Return Form No. 1120
17. Penalties Code Section	Year: 12/1998	Year:
a.	0	
b.	0	
c.	0	
d.	0	
e.	0	
f.	0	
g.	0	
h.	0	
i.	0	
j.	0	
k.	0	
l.	0	
m.	0	
18. Total Penalties	0	
Underpayment attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on underpayment will accrue until paid or assessed.	0	
Underpayment attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on underpayment will accrue until paid or assessed.	0	
Underpayment attributable to Tax Motivated Transactions (TMT). The interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC Sec. 6621(c)	0	
19. Summary of Taxes Penalties and Interest: a. Balance Due/(Overpayment) (Line 16) b. Penalties (Line 18) computed to c. Interest (IRC 6601) computed to d. TMT Interest computed to on TMT Underpayment e. Amount due (refund) - (sum of Lines a-d)	5,852,658 0 0 0 5,852,658	

## Other Information:

On 11/26/2001 and 4/30/2009 you filed form 1120X for refund of \$6,359,750 and \$2,096,695 respectively for 199812. As a result of our examination we allowed your claim in full. The total amount of the refund is however decreased by other adjustments shown on this report.

On 3/15/2007 you filed an amended Form 1120X increasing your tax liability by \$1,370,857. This assessment was also agreed upon and is included in the adjustments shown on this report. See attached statement.

Examiner's Signature <i>Manmeet Gulati</i> Name: Manmeet Gulati	0316321 Employee ID	Deerfield Beach Office	11-12-09 Date
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The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is shared with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

Substitute For Form 4549-B	Department of the Treasury - Internal Revenue Service Income Tax Examination Changes		
Name and Address of Taxpayer WR Grace & Co & Subsidiaries 5400 Broken Sound Blvd. NW Suite # 300 Boca Raton, FL 33487	Soc. Sec. or Employer Ident. Number 65-0773649		
Adjustments to Income - Increase (Decr)	Year: 12/1998	Year:	Year:
000006 Royalty Income	912,285		
CALC01 Capital Gain Net Income Increase <Decrease>	(30,313,838)		
CALC04 NOL Deduction Decrease <Increase>	(3,601,925)		
CALC06 Other Audit Adjustments	(1,960,074)		
000003 LIFO Inventory Adjs	(4,342,296)		
000001 Interest Income-COLI	46,397		
000005 Rental Income	1,933,230		
000007 Swap Options	1,370,976		
000008 Interest Expense-COLI	1,392,005		
000009 Interest Expense-COLI	10,775,528		
000010 Depreciation	(4,359,829)		
000011 Depletion	(96,816)		
000012 Profit Sharing Plan	(241,838)		
000013 Other Deductions	54,695,403		
000004 Imputed Interest Income	124,436		
Total Adjustments This Page	26,333,644		
Income Adjustments Including Previous Page(s)	26,333,644		



W.R. Grace & Co and Subsidiaries – EIN 65-0773649  
Attachment to RAR tax period 199812 dated 11/12/2009

W.R. Grace - Conn (EIN 13-5114230) incurred specified liability losses ("SLL") in the first three months of 1998 when it was a part of Sealed Air Corporation and Subsidiaries ("Sealed Air Group") (EIN 65-0654331). This loss was included in the 199812 tax return of Sealed Air Group. On April 1, 1998 W.R. Grace -Conn was spun out of Sealed Air Group and became part of W.R. Grace & Co. Subsidiaries (EIN 65-0773649) consolidated group (the "W.R. Grace Group").

W.R. Grace-Conn filed Form 1139 under its EIN 13-5114230 within 12 months of the filing of 199812 Sealed Air Group's consolidated return to carry back the SSL to 1989 when it was a part of the Fresenius Medical Care Holdings Inc & Subs ("Fresenius Affiliated Group") (EIN 13-3461988) formerly known as Fresenius National Medical Care Holdings Inc. The examination of the 199812 Sealed Air Group tax return resulted in additional specified liability losses. Even though the adjustments on the W.R. Grace RAR for the short period 4/1/1998 thru 12/31/1998 were agreed to, the tax was not assessed because IRS denied the carry back of the SLL to tax period 198912 because of the "lonely parent rule". IRS issued a statutory notice of deficiency on June 26, 2007. The 198912 tax return of the Fresenius Group went to Appeals and was docketed on 7/12/2007 under docket number 13956-07. The stipulation of settled issues was issued in March 2009 and Forms 4549 were prepared for each year 1989-1996 to show the correct tax assessment.

W.R. Grace-Conn incurred a capital loss in the first 3 months of 1998 when it was part of Sealed Group. After the spin off, taxpayer did not carry forward the loss on the W.R. Grace & Co short year 199812 tax return. W.R. Grace & Co filed a Form 1120X on 11/26/01 to amend the 199812 return and take the capital loss in the amount of \$45,337,875 as well as other deductions that it had overlooked when the return was first filed. These adjustments were included in the Statutory Notice. In March 2007 taxpayer filed a protective claim for 199609 to carry back the entire loss of \$45,337,875 from 199803 to 199609. This claim was addressed on form 3610 dated March 28, 2008 but not resolved since there was no outcome of the 1998 lonely parent issue at the time.

On 3/15/2007 taxpayer filed a 1120X to reduce the NOL carry forward to 199812 due to adjustments made in years 1997-1998. This reduction of NOL carry forward was also addressed in the statutory notice. The Statutory Notice showed an increase in tax in the amount of \$ 4,537,834 which was a total of the tax due on adjustments agreed to by taxpayer but not paid in the amount of \$3,166,977 plus tax due of \$1,370,857 per 1120X filed on March 15, 2007.

On 12/20/07 taxpayer filed form 1139 to carry back specified liability loss from 200612 to 199812 in the amount of \$10,496,884. Form 1139 was returned to taxpayer by service

center because it did not match the transcript. Taxpayer's taxable income included the adjustments in the stat notice. Taxpayer then filed 1120X on 4/30/2009.

This RAR includes all adjustments from the Statutory Notice of Deficiency including the decrease in NOL carry forward to 199812. The additional adjustments made to the statutory Notice taxable income are the following:

When the stipulation for the lonely parent was resolved, taxpayer was allowed the same percentage as the NOL carry back to 1989 for the carry back of capital loss from 200609 as well. When taxpayer had initially amended the 199812 tax return and carried forward the entire capital loss originating in 199803 to 199812. An amendment is being made to reduce the loss carry forward by \$15,024,037.

Additionally the specified liability loss in the amount of \$10,496,884 is being allowed to be carried back from 200612 as requested on Form 1139 and then Form 1120X.

Reconciliation:

Taxable income per Stat Notice:	\$22,405,755
Taxable Income per RAR	<u>\$26,960,177</u>

Difference	<u>\$ 4,554,422</u>
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Decrease in Capital Loss C/F	\$ 15,024,037
SLL carry back from 200612	<u>\$ (10,496,884)</u>
NOL carryover to 199812	<u>\$ 27,269</u>

Total	<u>\$ 4,554,422</u>
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Form 870 (Rev. March 1992)	Department of the Treasury - Internal Revenue Service Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment	Date received by IRS
Name and Address of Taxpayers (Number, street, city or town, State, and ZIP code)		Social Security or Employee ID number
WR Grace & Co & Subsidiaries  5400 Broken Sound Blvd. NW Suite # 300 Boca Raton, FL		65-0773649
		33487

### Increase (Decrease) in Tax and Penalties

**Consent to Assessment and Collection**

I consent to the immediate assessment and collection of any deficiencies (increase in tax and penalties) and accept any overassessment (decrease in tax and penalties) shown above, plus any interest provided by law. I understand that by signing this waiver, I will not be able to contest these years in the United States Tax Court, unless additional deficiencies are determined for these years.

Taxpayer's Representative -> Here		Date
Corporate Name ->	WR GRace & Co & Subsidiaries	
Corporate Officers Sign Here	Elyse Fallon	Title
	Vice President- Finance	Date 11/13/09

General Information

If you consent to the assessment of the deficiencies shown in this waiver, please sign and return the form in order to limit any interest charge and expedite the adjustment to your account. Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are so entitled. It will not prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for either action.

We have agreements with State tax agencies under which information about Federal Tax, including increases or decreases, is exchanged with the States. If this change affects the amount of your State income tax, you should file the required State form.

If you later file a claim and the Service disallows it, you may file suit for refund in a district court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

We will consider this waiver a valid claim for refund or credit of any overpayment due you resulting from any decrease in tax and penalties shown above, provided that you sign and file it within the period established by law for making such a claim.

Who must sign

If you filed jointly, both you and your spouse must sign. If this waiver is for a corporation, it should be signed with the corporation name, followed by the signatures and titles of the corporate officers authorized to sign. An attorney or agent may sign this waiver provided such action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee) Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.